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THE EFFECT OF FINANCIAL AND NON FINANCIAL CHARACTERISTICS ACCURACY OF FINANCIAL STATEMENTS SUBMISSION IN THE GO PUBLIC IN INDONESIA MANUFACTURINGS (EMPIRICAL STUDY IN INDONESIA STOCK EXCHANGE PERIOD 2012-2014)

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ABSTRACT

This study aims to provide evidence on whether there is an influence of Financial and Non Financial Characteristics of the ttimeliness of submission of Financial Statements in Manufacturing Companies Go Public in Indonesia. This study uses a proxy return on assets, debt to equity ratio, current ratio, total assets for the financial characteristics while for non-financial characteristics using a proxy quality auditor in public accounting and audit opinion. This study population is a public company manufacturing on the Indonesia Stock Exchange in the period 2012-2014. The research sample of 70 manufacturing companies that have been selected through several criteria samples. Sampling using judgment sampling method and data analysis using logistic regression. The results showed that there are significant quality auditors in public accounting to timeliness of financial reports while the return on assets, debt to equity ratio, current ratio, total assets and audit opinion there are not influence on the timely submission of financial statements

***KEYWORDS:** Timeliness, Return on Assets, Debt to Equity Ratio, Current Ratio, Total Assets, Opinion Audit, Quality Auditor at Public Accounting Firm*

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INTRODUCTION

At the current development of Indonesian companies go public have started to adjust the rules of the new accounting standards are based on International Accounting Standards / International Financial Reporting Standard. Capital Market Supervisory Board also adjust the regulations in accordance with international standards, it is that the issuers may submit financial statements in a timely manner in accordance with the rules of Bapepam and also adjusted to international accounting standards. The timeliness of financial reporting (timelines) is an important characteristic for the financial statements for the financial statements are reported in a timely manner will reduce the asymmetry of information.

Several previous studies conducted by Wirakusuma (2004), which resulted in that the effect of firm size, solvency, internal audit and audit opinion on the timeliness of financial reports, while the profitability variable, type of industry and the reputation of auditor showed no effect with the precision delivery of financial reports. Research quality auditor to timeliness of financial statements conducted by Hilmi and Ali (2008), which gives the result that the quality of auditors that affect the timeliness of financial reporting, but contrary to the results of Anissa (2004).

Research on the factors that affect the timeliness of financial reporting by Respati (2004), shows that the profitability and outsider ownership variables affect the timeliness of financial reporting. Then variable insider ownership, debt to equity ratio and the size of the company otherwise did not affect the timeliness of financial reporting. Kartikasari and Ifada (2010) research indicates that company size (size), firm age (age) and the ownership of the company (Insider Ownership) effect positively to the timeliness of financial reports.

Problem Formulation

Based on the background described above authors formulate the problem as follows:

- What is the effect on the profitability of the timeliness of financial reporting?
- What is the financial leverage effect on the timeliness of financial reporting?
- Does the liquidity affect the timeliness of financial reporting?
- Is the company size affect the timeliness of financial reporting?
- Is the quality of the auditor affect the timeliness of financial reporting?
- Is the audit opinion affect the timeliness of financial reporting?

LITERATURE REVIEW

Punctuality

Punctuality shows the time span between the desired presentation of information and the frequency of reporting information. Timely information affects management's ability to respond to any incidents and problems (Srimindarti, 2008). timely submission of financial statements is very important because it will be able to influence management decisions are taken in the future came and used by users of financial statements. Therefore the submission of financial statements must be presented within a specified time. Present financial statements in a timely manner will have a good quality report because it will provide reliable financial information.

Factors that Affect the Timeliness of Financial Reporting

In this study will only be submitted six factors that affect the timeliness of reporting companies: profitability, leverage, liquidity, size of the company, quality auditor, and audit opinion.

- **Profitability**

Research and Mc Hugh Dyer (1975) show that companies that earn profits tend to timely submit its financial statements and vice versa if you have a loss. Carslaw and Kaplan (1991) found that companies that suffered losses adjustments ask auditors to schedule more slowly than it should, consequently late submission of financial statements.

- **Debt to Equity Ratio**

Research Schwartz and Soo (1996) shows that companies are experiencing financial difficulties tend to be punctual in submitting their financial statements than companies that are not experiencing financial difficulties. Financial hardship is also the bad news (bad news) so that a company with this condition tend to be timely in its financial reporting.

- **Liquidity**

Research Suharli and Rachpiliani (2006) provides empirical evidence that liquidity affects the timeliness of the company's financial statements and has a unidirectional relationship. Companies that have a high level of liquidity indicates that the company has a high ability to repay short-term liabilities. This is good news (good news) so that a company with this condition tend to be punctual in the delivery of financial statements.

- **Size of the Company**

Dyer and Mc Hugh (1975), Carslaw and Kaplan (1991) and Owusu-Ansah (2000) in their study found that company size significantly related to the timeliness of financial reports. Size (proxy) that they use for the variable firm size is the total assets. The empirical evidence suggests that firms with greater asset reporting faster than the companies that have smaller assets. stages of maturity (Bestivano, 2013).

- **Quality Auditor**

Research Mayangsari (2003) using a proxy of audit quality and integrity of the financial statement audit concluded that the quality of the positive effect on the integrity of financial statements. The quality affect the credibility of the audited financial statements when the company go public. Companies that use the services of a large accounting firm tends to timely submit financial statements (Hilmi and Ali, 2008).

- **Audit Opinion**

Carslaw and Kaplan (1991) also stated that the delay in financial reporting is positively associated with audit opinion provided by public accountants and companies that do not receive unqualified audit opinion has a longer delay. Research Yusralaini, et.al (2010) states that the audit opinion has a significant influence on the timeliness of financial reports, it can be concluded that the company has the unqualified audit opinion tends to be more timely submitted their financial statements.

RESEARCH METHODS

Population and Sample Research

The study population is the entire manufacturing that go public who reported financial statements on the Indonesia Stock Exchange starting from 2012 up to 2014. The sample in this study were obtained by purposive sampling method by way of judgment sampling.

Research Variable and Measurement Technique

The variables in this study consisted of:

Dependent variables

The dependent variable in this study is timeliness. Punctuality is measured by a dummy variable, where category 1 for companies that timely and category 0 for companies that are not timely.

Independent Variables

The independent variables are profitability, financial leverage, liquidity, company size, the quality auditors and audit opinion.

- **Profitability (ROA)**

Profitability is measured using return on assets (ROA).

- **Financial Leverage**

Debt to Equity Ratio (DER) is used to measure the level of leverage.

- **Liquidity**

To measure the level of liquidity in this study using a proxy Current Ratio.

- **Company Size**

The variable size is the size of the company measured by the natural logarithm of the value of total assets.

- **Quality Auditor**

Variable firm size is measured using a dummy variable, where the dummy category 1 for companies using the firm that partners with the big four and dummy 0 for companies that do not use the firm that partners with the big four.

- **Audit Opinion**

This audit opinion variables using dummy variables. If the financial statements of the company to get an unqualified opinion, the given numbers 1, otherwise if the companies financial statements get other than an unqualified opinion that given the number 0.

Data Analysis

Hypothesis testing is done by testing using multivariate logistic regression. Logistic regression models were used in this study are as follows:

$$\ln (TL / 1\text{-}TL) = a + b1ROA + b2DER + b3CR + KAP\ b4TA + b5 + OA + e$$

Information

ln (TL / 1-TL) = Timeliness of submission of annual financial statements. Dummy variable timing (category 0 for companies failing to timely and category 1 for the right company time).

ROA = Profitability (Return on Assets)

DER = Financial leverage (Debt to Equity Ratio)

CR = Liquidity (Current Ratio)

TA = Size Companies (Total Asset)

KAP = Quality auditor in public accounting

OA = Audit Opinion

e = Error

RESULTS AND DISCUSSIONS

Results

Table 1: Below is the Result of the Logistic Regression for Manufacturer Companies

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1[a]	X1	7,449	4,166	3,197	1	,074	1718,519
	X2	-,026	,081	,102	1	,750	,974
	X3	,349	,230	2,312	1	,128	1,418
	X4	-,230	,195	1,387	1	,239	,795
	X5	1,745	,777	5,044	1	,025	5,728
	X6	1,543	1,095	1,985	1	,159	4,679
	Constant	5,470	5,579	,961	1	,327	237,502
a. Variable(s) entered on step 1: X1, X2, X3, X4, X5, X6.							

DISCUSSIONS

- **Effect of Profitability to Timeliness of Financial Reports**

These results support research was done by Ifada (2009), Toding and Wirakusuma (2013), Septriana (2010) that the profitability has no effect on the company timeliness in reporting its financial statements. This indicates that there are still companies with ROA big but deliver their financial statements with a long time and vice versa companies with ROA small but deliver their financial statements with a fast time. The results of this study contradicts the results of research conducted by Hilmi and Ali (2008) which states that profitability tends to affected companies in the financial reports in a timely manner.

- **Effect of Leverage to Timeliness of Financial Reports**

The results of this study support the was done by Naim (1999), Respati (2004), Hilmi and Ali (2008), Astuti (2007), Kuswanto and Manaf (2015) and Budiyanto and Aditya (2015) which states there is no effect of leverage on accuracy submission of financial statements. This indicates that the company is experiencing financial difficulties and are not experiencing financial difficulties remains delivering financial statements in a timely manner. This indicates that companies that have debts that many would like to announce the company's financial statements specifically addressed to the creditors in order for creditors to know the company's performance and determine the company's ability to pay of creditors loans.

- **Effect of Liquidity to Timeliness of Financial Reports**

These results support research was done by Prastiwi (2014), Yusralaini, et.al (2010) and Spica (2005) which states that the level of liquidity does not affect the timeliness of financial reports. This indicates that the company has liquidity of large and small alike want the company's annual financial statements are presented and delivered on time (Prastiwi, et al 2014). Due to the short-term liquidity cannot represent the timely submission of financial statements.

- **Effect Size Companies to Timeliness of Financial Reports**

These results support research was done by Novita (2004), Kadir (2011), Men et.al (2013) which states that the size of the company does not affect the timeliness of financial reports. This can occur because even though big companies have sufficient resources to submit financial statements in a timely manner, on the other hand large enterprises also have a great deal of complexity resulting inaccuracy of time in financial reports.

- **Effect: Quality Auditor to Timeliness of Financial Reports**

These results support research was done by Cristina (2007), Hilmi and Ali (2008), Men et.al (2013) which states that the quality of the auditor affect the accuracy of financial reporting. It can be concluded that companies that use the services of the Big Four accounting firm tends to timely submission of financial statements. This is due to a large accounting firm capable of doing the audit work more efficiently and effectively so it can be completed in a timely manner. His relationship with the agency theory, the manager as an agent who has been given the authority to manage the company by the principal will tend to choose a quality public accounting firm to assess the company's financial statements because it is considered more effective results in auditing and audit reports in accordance with the fairness of the financial statements of the company.

- **Effect of Audit Opinion to Timeliness of Financial Reports**

These results support research was done by Naim (1999), Hilmi and Ali (2008), and Lie (2012) which states that the audit opinion does not affect the timeliness of financial reports. This indicates that the manufacturing companies that received an unqualified audit opinion or in addition unqualified financial report will tend to report in a timely manner. Regulation by Bapepam no. X.2 which states that the company must submit financial statements along with the audit opinion of the accountant, the audit opinion is not taken into consideration the company in delivering its financial statements. If the company does not want to be sanctioned for violating the regulation of Bapepam, the Company must submit its financial statements karean soon if not immediately delivered it will be liable to fines to be paid by the company for the delay.

CONCLUSIONS

This study examined the effect of Profitability, Leverage, Liquidity, Company Size, Quality Auditor and Audit Opinion on Timeliness of submission of financial statements of companies. The sample in this study were manufacture companies listed on the Indonesia Stock Exchange in the period 2012-2014. This study uses secondary data with a total of 210 the number of observations that have met the criteria of purposive sampling has been determined. The conclusion of the testing and analysis has been carried out as follows:

- Profitability does not affect the accuracy of time Submission of Financial Statements of the Company.
- Leverage does not affect the time precisely Submission of Financial Statements of the Company.
- Liquidity does not affect the accuracy of time Submission of Financial Statements of the Company.
- Company size does not affect the accuracy of time Submission of Financial Statements of the company.
- Quality Auditor affect the accuracy of time Submission of Financial Statements.
- Audit Opinion does not affect the accuracy of time Submission of Financial Statements.

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